

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company
(U 39 G) Addressing the Status Of Remaining
Insurance Claims Related To the Gerber
Compressor Station Fire Pursuant to
Decision 03-12-061.

(U 39 E)

Application 04-02-017
(Filed February 24, 2004)

OPINION CLOSING THE GERBER FIRE INSURANCE ISSUE**Summary**

In Decision (D.) 03-12-061, the Commission directed Pacific Gas and Electric Company (PG&E) to file an application to address “the status of any possible remaining insurance claims with respect to the fire at the Gerber Compressor Station (Gerber fire), and what should be done with any insurance proceeds.” (D.03-12-061, p. 463, OP 6.e.) PG&E filed the above-captioned application on February 24, 2004. The application states that PG&E does not have any outstanding insurance claims with respect to this fire, and that no additional monies or other reimbursement of costs related to this fire will be forthcoming.

Since no other insurance proceeds associated with the fire at the Gerber Compressor Station will be forthcoming, today’s decision closes the Gerber fire issue and this application as there is nothing further to pursue.

Background

One of the issues raised in Application (A.) 01-10-011, the proceeding in which a post-Gas Accord market structure and rates for PG&E was being examined, was the fire that occurred at PG&E's Gerber Compressor Station on November 6, 2001. In D.03-12-061, we discussed PG&E's comments to the proposed decision, in which PG&E stated that after the close of the evidentiary hearings in A.01-10-011, PG&E had negotiated a \$6 million settlement with its insurers over the Gerber fire. We adjusted the capital expenditure for the Gerber replacement to reflect the receipt of these insurance proceeds. (D.03-12-061, p. 210.)

Due to the uncertainty of whether there were any more outstanding insurance claims associated with the Gerber fire, we ordered PG&E to file an application describing "the status of any remaining insurance claims with respect to the fire at the Gerber Compressor Station, and if so, what should be done with any remaining insurance proceeds...." (D.03-12-061, p. 210.)

PG&E filed its verified application on February 24, 2004. No one filed any protest or response to the application. On April 5, 2004, PG&E filed its "Reply In Support of Application By [PG&E] Addressing the Status of Remaining Insurance Claims Related to the Gerber Compressor Station Fire." PG&E's application and reply request that the Commission find that no other insurance proceeds are available from PG&E's insurer related to the Gerber fire, and that this issue be closed.

Discussion

PG&E's application at page 3 states:

"PG&E does not have any outstanding insurance claims relating to the fire at the Gerber Station. As explained below, no additional

monies or other reimbursement of costs related to the Gerber Station fire will be forthcoming.”

PG&E’s application described its actions with respect to pursuing claims with its insurance broker for the Gerber fire. The application states that PG&E agreed with the insurance representatives “to a total sum of \$6 million as the full and final settlement of any and all claims arising out of PG&E’s November 6, 2001, loss at its Gerber Station.” (Application, p. 3.)

PG&E also attached two exhibits to its application. The first exhibit is the “Release and Hold Harmless” agreement between PG&E and its insurers. PG&E states that this exhibit provides “that PG&E will not receive any additional insurance proceeds.” (Application, p. 4.) The second exhibit is the February 20, 2004 declaration of Hudson Martin. Martin is the Director of the Insurance Department at PG&E Corporation. His declaration states in pertinent part:

“PG&E received \$6 million in insurance proceeds against the Company’s loss due to the fire at the Gerber Compressor Station. On November 3, 2003, PG&E received \$5,970,000 in insurance proceeds and on December 5, 2003, PG&E received the remaining \$30,000 in insurance proceeds, for a total of a \$6 million insurance settlement. The \$6 million represents all of the proceeds PG&E is entitled to receive and no additional monies or other reimbursement of the costs in connection with Gerber Station fire will be forthcoming.”

We have reviewed PG&E’s application, the two exhibits attached to the application, and D.03-12-061.

PG&E represents in its verified application and in the Martin declaration that no other insurance proceeds relating to the Gerber fire will be forthcoming, and that all of the insurance proceeds that PG&E received were accounted for in D.03-12-061. As a result of these representations, we find that no other insurance proceeds are available from PG&E’s insurer relating to the Gerber fire.

Since no one contested PG&E's application and its representations concerning the insurance proceeds from the Gerber fire, we conclude that the Gerber fire insurance issue that was raised in D.03-12-061, and addressed in this application, should be closed. No further proceedings relating to the insurance proceeds from the Gerber fire are needed.

Waiver of Comments

Since no one protested or responded to PG&E's application, and because this decision grants the relief requested, the comment period on the draft decision is waived pursuant to Pub. Util. Code § 311(g)(2).

Assignment of Proceeding

Loretta M. Lynch is the assigned Commissioner, and John S. Wong is the assigned administrative law judge in this proceeding.

Findings of Fact

1. Pursuant to D.03-12-061, on February 24, 2004, PG&E filed its application describing the status of any remaining insurance claims with respect to the fire at the Gerber Compressor Station. No party protested or responded.
2. PG&E represents in its verified application and in the Martin declaration that no other insurance proceeds relating to the Gerber fire will be forthcoming, and that all of the insurance proceeds that PG&E received were accounted for in D.03-12-061.
3. No other insurance proceeds are available from PG&E's insurer relating to the Gerber fire.
4. No further proceedings relating to the insurance proceeds from the Gerber fire are needed.

Conclusion of Law

The Gerber fire insurance issue that was raised in D.03-12-061, and addressed in this application, should be closed.

O R D E R

1. The fire insurance issue regarding the Gerber Compressor Station that was raised in Decision 03-12-061, has been addressed in this application, and this issue shall be closed as there is nothing further to pursue.

2. This proceeding is closed.

This order is effective today.

Dated _____, at San Francisco, California.